

**NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
FEBRUARY 16, 2016, 7:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

The work session was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilors Lesley Woodruff, Stephen McKinney, Scott Essin, Denise Bacon, Mike Corey and Tony Rourke. Also present were City Manager Pro Tem Stephen Rhodes, City Attorney Truman Stone, City Recorder Sue Ryan, Finance Director Matt Zook, Community Development Director Doug Rux, City Engineer Kaaren Hofmann, and Interim Human Resources Director Nancy McDonald.

REVIEW OF COUNCIL AGENDA: There were no changes to the agenda.

COUNCIL ITEMS: Mayor Andrews, Councilor Woodruff, Councilor Rourke, and Councilor Essin had items to share.

PRESENTATION ON STATEMENT OF ECONOMIC INTEREST: City Recorder Ryan said the Council had to do an annual Statement of Economic Interest with the Oregon Government Ethics Commission and explained they were now being filed electronically. They were to be done between March 15 and April 15. She then discussed the process, showed a training video, and reviewed the Frequently Asked Questions.

COUNCIL BUSINESS: Councilor Woodruff announced a community band concert for children on March 13 and that Oregon Battle of the Books needed volunteers for the regional competition on February 27. Councilor Essin said he had resigned his position with Chehalem Parks and Recreation District. Councilor Rourke had accepted a new job in Texas. His last Council meeting would be March 7. Staff would be starting the appointment process.

Mayor Andrews asked about the renaming of the city utility bill. City Manager Pro Tem Rhodes said it was being redesigned. There was discussion on the property condemnation on Villa Road for the sidewalk. Mayor Andrews said the Council was being asked to support economic revitalization of the Willamette Falls Locks.

CALL MEETING TO ORDER

The Mayor called the meeting to order at 7:00 p.m.

ROLL CALL

Members Present:	Mayor Bob Andrews	Scott Essin	Stephen McKinney
	Lesley Woodruff	Denise Bacon	Mike Corey
	Tony Rourke		

Staff Present:	Stephen Rhodes, City Manager Pro Tem	Sue Ryan, City Recorder
	Truman Stone, City Attorney	Paul Chiu, Senior Engineer
	Doug Rux, Community Development Director	Matt Zook, Finance Director
	Nancy McDonald, Interim Human Resources Director	
	Kaaren Hofmann, City Engineer	

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER PRO TEM'S REPORT: CMPT Rhodes said letters regarding the Newberg Dundee Bypass Interchange had been sent to State Representative Davis a letter of agreement would be sent soon. The Planning Commission had initiated a process to update land development standards. He and the Mayor presented at City Club on upcoming City projects.

PUBLIC COMMENTS: Stan Halle, Ladd Hill Neighborhood Association, spoke about the Newberg Dundee Bypass Phase 1 and Wilsonville Road intersection. He thanked the Planning Commission for their help and Representative Davis, Mayor Andrews, CMPT Rhodes, and CDD Rux who showed leadership in having all the organizations work together. They were now looking at Option 4, connecting Wilsonville Road south of Wynooski on Highway 219.

CONSENT CALENDAR:

MOTION: Rourke/Bacon moved to approve minutes for January 19 and February 1, 2016; Resolution 2016-3258, A Resolution authorizing the City Manager Pro Tem to appoint recommended candidates to positions in multiple departments: Tyler Joel Milton and Dennis Louis Hohstadt, Jr. to lateral police officer positions. Motion carried (7 Yes/ 0 No).

PUBLIC HEARING - LEGISLATIVE:

Ordinance 2016-2795:

Mayor Andrews opened the hearing and called for any abstentions or conflicts of interest on the part of the Council or objections to the Council’s jurisdiction on this matter. There were none.

Senior Engineer Chiu gave the staff report. The ordinance affirmed the final assessment for the College Street Local Improvement District. He entered into the record a letter from Willow Place Assisted Living Facilities. In July 2013, the LID was created to recoup a portion of the costs for the improvement of College Street from Illinois to Aldercrest. The assessments for all 73 properties were listed in Table 1. The total assessment was \$194,197. The LID would recoup 84.1% of the cost. Staff invited all of the LID property owners to a neighborhood meeting to provide comments on the assessments and six owners attended and asked questions, but did not have concerns regarding the final assessment.

Willow Creek Living Facility’s concerns regarded the new sidewalk, which they said was not usable by their residents and the cost created a significant burden for the business. The living facility said the sidewalk curbing posed a risk to their handicapped and older residents. SE Chiu said the sidewalk followed ODOT standards. The concern about the cost would be a decision for the Council. The project offered a partnership with the City and LID participants by leveraging major financial resources from ODOT to complete a critical segment of the sidewalks and bike lanes that was heavily used in the City’s transportation system.

There was discussion on the concerns of the Willow Creek Facility regarding the sidewalk. Mayor Andrews clarified none of the assessments were more than what was estimated. SE Chiu said that was correct.

Proponents:

Paul Bock, resident on College Street, said they enjoyed the sidewalk and the safety it brought to the street. The neighborhood supported the project. The proposal before them represented a compromise between the City and the neighborhood in giving the neighborhood a 30-year loan with 1.5% interest and he hoped it stayed the same.

Opponents:

Michael DeShane, representative for Willow Place Assisted Living Facility, said there was a liability issue for the business’s residents because of the curb height and the water retention area. The business felt it was a significant danger. He said while it might meet ODOT requirements, the elderly and disabled living in the building could not use the sidewalk. He objected to the cost because they served a lot of Medicaid patients and the cost was a significant burden.

There was a discussion on the sidewalk curb and safety measures. Mayor Andrews closed public testimony and asked for staff’s recommendation. SE Chiu recommended adoption of the ordinance.

MOTION: Bacon/Rourke moved to waive the second reading for Ordinance 2016-2795. Motion carried (6 Yes/1 No [McKinney]).

Deliberations: Councilor McKinney thought staff should be directed to bring back options for fixing the trip hazard. Councilor Corey explained the current ordinance was about the assessments and not about railings. Councilor Rourke did not share the same concern regarding the safety hazard of the curbs and agreed it was a separate issue. Mayor Andrews suggested bringing back the issue during the Council Business part of the agenda.

MOTION: Bacon/Rourke moved to approve Ordinance 2016-2795, An Ordinance to affirm the final assessments for the College Street Local Improvement District that was created by Ordinance No. 2013-2769 to recoup a portion of the costs for the west side frontage improvements of N. College Street from Illinois Street to Aldercrest Drive. Motion carried (5 Yes/2 No [Essin/McKinney]).

Ordinance 2016-2797:

Mayor Andrews opened the hearing and called for any abstentions or conflicts of interest on the part of the Council or objections to the Council's jurisdiction on this matter. There were none.

CA Stone presented the staff report. PGE had expressed concern regarding amendments to the Municipal Code in 2008 to include a licensing model for utilities using the City's right-of-way. PGE thought a franchise necessary to address specific concerns unique to PGE. Council had directed staff to negotiate a franchise agreement and the agreement was before Council that night. The agreement did not supersede the Municipal Code as the Code stated there might be instances where modifications would be necessary.

MOTION: Bacon/Essin moved to waive the second reading for Ordinance 2016-2797. Motion carried (7 Yes/0 No).

Councilor McKinney asked about financial impact. CA Stone said PGE wanted some clarifying language on the definitions of gross revenue and how it was calculated. By changing the definition of gross revenue, staff could not say with certainty what the financial impact would be.

Councilor Rourke asked what was different in the franchise agreement than what was required in the Code. CE Stone said the Code required before any work was done in the City's right-of-way that a construction bond be posted. Staff thought when dealing with entities like PGE that did not need to be required. The agreement gave PGE a higher level of certainty in dealing with the City rather than the general terms under the Code.

Wendy Veliz, PGE, said the City did allow franchise agreements if it was to the benefit of its constituents, and she believed there was a need for an agreement. She highlighted who was allowed to work on construction projects which aided in safety, \$500 penalty per day for delay in relocation projects, and use of PGE facilities and attaching to poles free of charge for municipal purposes. The payment for use of the City's right-of-way would be an annual payment instead of quarterly. Barbara Halle, PGE, said the definition of gross revenues was standard in all PGE's franchise agreements and came from the PUC regulations. PGE was required to put any amount more than 3.5% of gross revenues on customer bills. It would not change the percentage being paid to the City.

Councilor McKinney asked if this agreement was similar to those PGE had with other cities. Ms. Veliz said yes, and the agreement clarified how PGE was to work in the right-of-way. Councilor Essin asked about the one day noticing requirement. Ms. Veliz clarified that section was a notice for the agreement or any changes to the agreement, not for construction projects.

Mayor Andrews closed the public testimony and asked for closing comments from staff. CA Stone recommended the Council approve the ordinance.

MOTION: Bacon/Rourke moved to approve Ordinance 2016-2797, An Ordinance granting Portland General Electric Company, an Oregon Corporation, a franchise agreement intended to clarify, enhance, expand, waive or vary the provisions of NMC 12.05 to be read by title only. Motion carried (7 Yes/0 No).

NEW BUSINESS: Audit Report: Brad Bingenheimer of Boldt, Carlisle and Smith, presented on the City's audit. He said the City received an unmodified report, where in their opinion the City's financial statements presented fairly in all material respects, financial position, and results of operations of the City for the year ending June 2015. A new accounting standard for pension plans per GASB 68 was now required, which meant the City had to report its share of Public Employees Retirement System accounts (PERS) and the position of the City's retirement plan through Principal at the end of the year. The City ended up with a net pension asset for PERS. This would likely be a liability next year due to recent legislation and there was a net pension liability for the City's plan.

Mr. Bingenheimer said the City ended the year with total assets including deferred outflows of \$210 million and total liabilities and deferred inflows of \$68 million. This left them in a net position of \$144 million, which was an increase of \$9.6 million. Governmental funds showed overall improvement in fund balance of \$1.1 million and proprietary funds showed a positive improvement of \$7.3 million. Trends showed an overall improving financial position of the City.

He pointed out a few things in relation to the budget: two areas where items were overspent and issues with internal controls. Regarding the internal controls, the bank reconciliations as performed by the Finance Department did not fully

reconcile all items between the accounting records and bank statements. He suggested there be more segregation of duties for better internal controls. The total federal expenditures for the year were \$6.5 million.

Councilor Essin asked about the net liability for the pension plans. Mr. Bingenheimer explained the totals in the audit. It meant that today the City's retirees had earned the right to those payments and the City had not yet set aside sufficient funds to fund them. FD Zook discussed the action plan to address audit findings. Staff now performed reconciliations as required. He was working on the separation of duties and internal controls for the Court finances.

The City had to report to the Secretary of State and implement the timeframes of the planned changes. Staff had been working under an old model and was moving forward with improvements. He would give a progress update to the Council on a quarterly basis.

Councilor McKinney thought the action plan showed progress and asked if there were still some violations that needed to be attended to. FD Zook said all of the key areas had been addressed. Mr. Bingenheimer did not anticipate these items would be included in the next audit.

MOTION: Rourke/Corey moved to accept the auditor's report and the annual financial statements, and adopt the plan of action to address deficiencies identified in the audit report for June 30, 2015. Motion carried (7 Yes/0 No).

COUNCIL BUSINESS: Councilor Essin asked about the financial report for December in the packet regarding the reserves balance. FD Zook explained the \$24 million in contingencies was a combination of all the funds including water and sewer where the reserves were large. The reserves were appropriate for future projects and debt service payments. There were also unspendable funds and emergency contingency funds. Overall the reserves were in an okay position, but fund by fund there were different scenarios. The upcoming budget process would reassess the City's reserves.

MOTION: Andrews/Bacon moved to send a letter supporting the Willamette Falls Locks economic revitalization. Motion carried (7 Yes/0 No).

Mayor Andrews asked if the Council wanted to take action on the suggestion for sidewalk railings for Willow Place Assisted Living Facility. Councilor McKinney did not sense support for the railings. They had spent a lot of money on the sidewalks, and the facility forbade residents to use them because they were unsafe. He thought some mitigation was needed. Councilor Bacon said they could not afford to fix every problem, but was willing to have staff look into it. Councilor Corey agreed with Councilor Bacon as there were many trip hazards throughout the City. They had complied with all of the requirements and he did not think anything else needed to be done. Willow Place could come up with a plan and pay for improvements. Councilor Woodruff thought this was not the City's responsibility.

CA Stone said College Street was owned by ODOT and the state came up with the design. The City had an agreement to maintain the sidewalk. They would have to get approval from ODOT for any improvements and had to have evidence that there was a safety problem.

CMPT Rhodes said staff would look into the options and bring them back to Council.

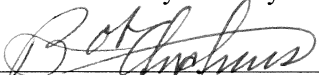
Mayor Andrews asked for a way to have the School District keep the City better informed on events and achievements of the students. CA Stone advised signing up for the School District newsletters that would be emailed to the Mayor.

ADJOURNMENT: The meeting was adjourned at 8:45 p.m.

ADOPTED by the Newberg City Council this 21st day of March, 2016.


Sue Ryan, City Recorder

ATTESTED by the Mayor this 24th day of March, 2016.


Bob Andrews, Mayor